

***Responses to Questions Asked of Angolan President João Lourenço during the December 18, 2020 Virtual Roundtable with the President's Advisory Council on Doing Business in Africa ("PAC-DBIA")***

This document contains the English translation of President João Lourenço's responses to questions asked during the December 2020 virtual roundtable with the PAC-DBIA. The questions have been divided up into the following topics: (1) healthcare; (2) infrastructure and the digital economy; (3) economic reforms and improving the business environment; (4) women business owners; (5) investment opportunities; and (6) trade and regional integration.

**I. HEALTHCARE**

**Mr. Farid Fezoua, President and Managing Director of GE Africa: What are the key features of Angola's plan for developing the healthcare sector and capabilities, specifically as part of the immediate COVID-19 pandemic response and also building up sustainable infrastructure and capacity going forward? And how can U.S. healthcare companies help you do that?**

Angola's National Development Plan 2018-2022 defines four key health policy programmes:

1. Improvement of medical and medicinal assistance;
2. Improvement of maternal and child health and nutrition;
3. Combating major endemic diseases through the health determinants approach; and
4. Strengthening the health information system and developing health research.

Regarding the COVID-19 pandemic, the Angolan government has created a multi-sector commission led at the highest level by me and from an operational perspective by the Minister of State and Head of the intelligence bureau of the Angolan Presidency (Casa de Segurança). A National Contingency Plan has been prepared, the following actions of which we can highlight:

- Five field hospitals have been built, and five are under construction, one of which was offered by the United States;
- Isolation areas have been created in our health facilities and units for the specific treatment of COVID-19 have also been adapted in all provinces;
- The capacity of hospital units to diagnose, admit, and treat COVID-19 cases has been increased;
- Laboratory capacity to confirm and test COVID-19 cases has been strengthened with the acquisition of five molecular biology and serology laboratories. Through this we have increased our daily testing to 18,000;
- The number of new beds has increased by more than 5,000, as a result of the rehabilitation and expansion of various sanitary infrastructures, in particular the expansion of the emergency care

ward of the Luanda Paediatric Hospital, as well as COVID-19 quarantine and treatment areas in the Special Economic Zone, in Barra do Cuanza, in Calumbo 1 and 2, and in all provinces, in response to improved health services.

Regarding the aid that American companies can give, it is important to mention that there is a very old commercial relationship with American companies, in particular with GE. There is a lot of health equipment from American brands, especially the equipment from the companies with a presence here, GE and Varian, among others. In the past we had problems in the assembly and maintenance of this equipment, largely because of some weakness of the counterparts that represented these brands in Angola. However, this problem has already been overcome. For example, in the case of GE, we are installing a lot of equipment that was bought in the past and did not have the desired assistance.

The health sector in Angola needs the participation of American companies specialised in all aspects. With GE, we want to strengthen the business relationship, including, for example, in imaging equipment. We also want GE to promote and support investments in primary healthcare projects with reference to the type of projects carried out in other African countries such as Ghana and Kenya.

**Ms. Susan Silbermann, Global President, Emerging Markets of Pfizer: What positive lessons or new ways of doing things in the healthcare sector have come as a result of COVID-19 in Angola?**

The Angolan government congratulates the entire Pfizer development team that made it possible in a very short time to formulate an effective vaccine against the COVID-19 virus. This is a very important achievement for everyone, especially for the recovery of the world economy and the safeguarding of human life. We express our interest in benefiting from cooperation with Pfizer and are open to receive investments in the production of medicines in Angola.

**Mr. Chris Toth, President and Chief Operating Officer of Varian Medical Systems: As we think about the many facets of the Varian-Angola partnership, how do you think companies like ours can best work with you and your administration to achieve our shared goals?**

Regarding the question from Varian, financing proposals are assessed by the Ministry of Finance, which always seeks to safeguard the sustainability of public debt and the conditions under which debt repayments can be made, so they can be negotiated on a case-by-case basis. In this sense we have favoured financing on concessional terms, i.e. with low interest rates and long maturity periods.

Varian Medical Systems is already a healthcare partner with whom we are developing a business relationship, mainly through our Angolan Cancer Control Institute (IACC). With this partner we intend to develop further initiatives in the area of early diagnosis of cancer diseases. We will be very interested to receive your proposals for expansion packages in the field of cancer diagnosis.

## II. INFRASTRUCTURE AND THE DIGITAL ECONOMY

**Lord James Dutton, President for Africa of Bechtel Corporation: My question concerns infrastructure, procurement, and delivery models. Particularly the financing of big infrastructure development, especially post pandemic, which as you know means financing will be much more constrained.**

Angola has set up the National Electronic Public Procurement System in order to provide greater

transparency and quality to public contracts. This system has enabled around 69 percent of all public investment projects to be qualified through public tenders by the first half of 2020.

Within the framework of the implementation of the Development Plan, 218 budget units will use the National Electronic Public Procurement System by 2022, with a view to the sustainability of public finances. The assistance of specialised U.S. companies will be an opportunity to accelerate the agenda for the digitisation of public procurement procedures, which will increase the transparency of these procedures.

**Ms. Ruth Dowling, Senior Vice President and General Counsel for Latin America, Europe, Middle East and Africa of American Tower Corporation: What steps is your government taking to improve the mobile penetration rate and reduce the urban/rural digital divide in the country?**

Angola has a national fibre-optic network of over 20,000 kilometres and has a connection with 3 undersea cables, namely SAT 3, WACS and SACS, connecting Luanda to Fortaleza, Brazil, and MONET, which connects Fortaleza to Miami in the United States, operated by Angola Telecom and Angola Cable, respectively.

With the completion of the process for the entry of the new telecommunications operator with a global licence, Angola will have 3 operators for mobile telephony operations, ensuring greater availability and coverage of services.

**Ms. Aida Diarra, Vice President and Head of Sub-Saharan Africa of Visa: What is Angola's priority regarding technology and the digital economy? What opportunities do companies have to engage with the government and share best practices that we see globally?**

On this subject, I would like to highlight the following:

1. Approval of a new Payment Systems Act incorporating new payment instruments;
2. Creation of an innovation system for payment systems;
3. Creation of rules on mobile and instant payments, harmonising with the SADC (Southern Africa Development Community) for cross-border payment;
4. Payments by QR code should be available during the first half of 2021;
5. Entity certification for operating the mobile payments device;
6. Allocation of 2 licences for the provision of mobile payment services;
7. Level of banking services usage estimated at 50% of adult population (survey prepared by the World Bank);
8. Market open to the private sector without restrictions on the origin of capital.

Also in the space segment, we are building an ANGOSAT telecommunications satellite which will have HTS technology.

The business opportunities lie mainly in the operation of infrastructure, virtual mobile services, pay TV, and the provision of internet services.

**Mr Takreem El-Tohamy, Managing Director of the Middle East and Africa of IBM: Can you please comment on Angola's 5G plan?**

Technological developments have led to advances in a wide variety of sectors. Communications accelerate economic and social development as well as the social way of life.

5G is the fifth generation of mobile internet or the fifth-generation wireless system, which will be crucial for everyday areas, but also to leverage other technological advances, such as in automation and telecommunications engineering.

Considering the potential for transformation that can be seen, the Angolan Executive Branch will develop programmes to monitor, train and adopt the 5G generation in order to position the country in the new technological generation that aims to revolutionise the information and knowledge society.

In its Frequency Plan, the Electronic Communications Regulatory Authority has redefined the conditions for the country to be ready to allocate licences for 5G operation as soon as requested by operators.

**III. ECONOMIC REFORM AND IMPROVING THE BUSINESS ENVIRONMENT**

**Mr. Peter Sullivan, Head of Africa, Public Sector Group of Citi: What are Angola's plans and measures for improving the business environment, specifically related to FX and rule of law? How could the U.S. government help support the implementation of these actions by the Government of Angola?**

Angola has adopted a floating exchange rate regime in which the exchange rate is now dictated by the market. Furthermore, the financial and capital account has been opened, no longer requiring any prior authorisation from the Central Bank for the entry or exit of funds from non-resident investors.

These developments have made it possible to meet foreign currency needs across the board in a timely manner, including for the repatriation of profits or dividends. At this time, according to BNA (National Bank of Angola) data, there are no pending cases of investors wishing to repatriate gains generated in Angola due to difficulties in accessing the foreign exchange market.

The normal and efficient functioning of the foreign exchange market is fundamental to improving the business environment, and we expect that the progress already made will give investors greater interest in investing their capital in Angola.

In short, we can highlight the following:

1. Full adoption of FATF recommendations on preventing and combating money laundering;
2. Strengthening the monitoring and supervision capacity of the BNA;

3. Effective implementation of the Basel recommendations on banking supervision;
4. Elimination of foreign exchange licensing, including foreign direct investment;
5. Market-determined exchange rate implementation;
6. Increase in the supply of foreign exchange directly to the market without interference from the BNA;
7. Adoption of Bloomberg electronic platform for foreign currency trading.

**Mr. Jason P.H. Brantley, Director of Sales and Marketing, Agriculture and Turf Division, Africa and Asia of the John Deere Company: How does the government approach equipment tenders to ensure the best value over the life of the project is rewarded as opposed to selecting the lowest initial price? And can you generally comment on how the economic reforms are proceeding with respect to developing the agricultural sector?**

In terms of agriculture, Angola is one of the countries in the world with the most potential. It has more than 50 million hectares of arable land and less than 15 percent of such land is cultivated. In the coming decades, we will have to double the area under cultivation.

Agriculture and livestock are therefore an area that we must explore. It is still very underdeveloped, as is the entire agribusiness sector. The contribution of U.S. investors is therefore welcome in this particular area, whether in the private operation of large agricultural units (through ongoing privatisations or new farms); or by participating in the entire agribusiness chain associated with it, particularly inputs (fertilisers, seeds, pesticides, mechanisation) and downstream in the consolidation of the distribution and growth of agro-industry.

We want to attract investors with competitive productive capacity and grant a concession for or privatise large public agricultural units that are currently idle or have productivity levels below their potential.

We will also attract foreign direct investment to new farms and improve the availability and sustainability of water in the short and medium term, in particular that associated with hydro-agricultural plants.

SOAL's project to transform corn into ethanol, which was planned to be carried out in 2008, did not materialise, certainly due to the enormous demand for corn for human consumption and for feed production, which is much more attractive than transformation into ethanol.

The market for the sale of equipment and machinery for use in agriculture is totally free, promoting healthy competitors among its agents who must ensure value propositions for their customers. Many American brands are present, but their presence needs to be reinforced and investors are invited to increase their presence and new investors to enter the market.

This year an investor for the United Arab Emirates installed the first assembly line of Massey Ferguson agricultural tractors in the Special Economic Zone in Luanda. Therefore, Angola has space for investments in assembly lines for tractors, cultivators, various implements and other equipment with the American brand.

**Mr. Jake Cusack, Founder and Managing Partner of the CrossBoundary Group: What is the role of renewable energies in rural electrification in Angola, as well as in the export diversification strategy? What incentives exist or are being contemplated to crowd in private sector investment?**

Renewable energies play an important role, given the country's geographical extent, with very significant renewable resources, namely solar, wind, biomass and hydro, since they can be implemented in a decentralised manner, thus facilitating the process of electricity supply in areas with dispersed and low-density populations, being possible to set up the phased implementation of renewable technology systems.

In the energy matrix, hydro generation represents about 60 percent. The production of electricity from solar-photovoltaic systems is growing.

To identify the different energy sources, the sector has developed the Renewable Energy Atlas, which determines the potential of each of the available sources by geographical region.

With the ongoing electrification of rural areas, incentives are being created for the development of agro-industry which will enable the processing of products and diversification of the economy.

In order to attract private investment, with the support of international institutions (World Bank, African Development Bank, French Development Agency, among others), a study is being carried out to define the specific conditions, including regulations, the tariff system, etc., for attracting investors as independent producers.

**Mr. Sami Mainich, Chairman of the Dow Africa Advisory Committee and Regional Managing Director for North Africa and the Eastern Mediterranean (Levant) of The Dow Chemical Company: How does Angola's economic agenda intend to foster trade partnerships in the areas of the circular economy and sustainability?**

When studying the production of solid waste, with a view to recovery as part of the preparation of a strategy to promote the circular economy, we estimate that 6.4 million tonnes of solid waste are produced per year in Angola. The study by the Ministry of Economy and Planning estimates that 3.2 million tonnes, or half of the tonnage produced, comes from cities and can potentially be recovered. Luanda, the capital, is at the top of that potential as the largest producer of urban waste, with 2.5 million tonnes per year. Forty-five per cent of this production has potential for re-use as a raw material for industry, 35 percent has potential for re-use as fertiliser, and the remaining 20 percent could be used in energy production. This represents about 30 MW, generated by an incinerator, or through the biogas plant, which can generate 10 MW per year.

Total re-use is estimated at \$550 million per year. The same is true in the fact that by not reusing its waste Angola foregoes the possibility of earning around \$550 million per year.

Thus there is an enormous opportunity to promote investments to develop the recovery of urban waste. As such, we will launch an international tender to identify a private public partnership to transform the current landfill in Luanda, in the Mulenvos area, into a waste recovery centre. The documents for the launch of the tender are ready and in the process of being published.

#### IV. WOMEN BUSINESS OWNERS

**Ms. Brittany Underwood, founder and CEO of Akola: What support is available for women led small and medium enterprises in Angola, specifically artisan enterprises that contribute to economic development, poverty alleviation, and women empowerment?**

We have public policies that facilitate women's access to the market, such as Law 13 (Law on financial institutions) and the COVID relief fund (FACRA COVID relief fund). But there is a need for credit lines to finance women's businesses, because the overwhelming majority of them, despite comprising 53 percent of Angola's population, are in the informal market and are not eligible for credit. The focus is on the creation and formalisation of women's cooperatives, as well as the strengthening of citizenship actions to obtain the identity card, which has been a barrier to their organisation in cooperatives.

The other challenge is to formalise the informal market to provide an environment conducive to generating revenue, both for women, who will have their businesses protected and better conditions in the markets, and for the government in terms of taxes and fees.

Another investment in women at this stage is the construction of infrastructure in the markets (classrooms for literacy, day care centres for children, primarily the zungueira women who walk with their children on their back). The small manufacturing industry for the use of products and waste recovery.

In Angola there are already a number of women from various social strata organised in cooperatives and associations. Nine mills in 3 provinces (Cuanza Norte, Huambo and Lunda Sul) were established to be managed by seven associations.

**Ms. Rahma Wright, founder and Managing Director of Shea Yeleen: Is there interest in developing a joint high-level U.S.-Angola effort focused on highlighting women entrepreneurs and women business owners?**

Our response is positive. We can create a platform for dialogue to strengthen actions aimed at the economic and social empowerment of women by promoting income-generating activities (productive inclusion), wealth and jobs, in particular:

- Provide technical and methodological support to women in the development of business plans and in business management;
- Technical training in food processing, increasing productive capacity, product quality and the diversification of products prepared by groups of women/cooperatives;
- Training of trainers or facilitators of cooperatives for 'business plan coaching'.

Regarding support in trade between African countries involving American companies, the role of the Investment and Export Promotion Agency is relevant to attracting these companies to Angola, both to invest and to forge trade partnerships with other companies in Angola, not only as a way to expand their markets, but above all as a way to share good practices and transmit knowledge and technology.

#### V. INVESTMENT OPPORTUNITIES IN ANGOLA

**Mr. John Nevergole, Director of the ABD Group: Can you please discuss any specific upcoming government procurement or government supported investment projects that are a priority for Angola and potentially a good fit for U.S. investors?**

The priority for the Angolan economy is the development of the private sector, with the role of investment in infrastructure capable of reducing the cost of private investment and increasing total factor productivity being relevant. By the end of 2021, the government intends to structure a set of infrastructure investments in public-private partnerships, with an emphasis on the following projects.

In the field of the environment, I would highlight the:

- Rehabilitation and operation of the waste recovery unit of Mulenvos;
- Construction and operation of the Cabo Ledo and Okavango tourism development complexes;
- Restructuring, equipping and managing agroecological centres in Cabinda, Cuando Cubango and Namibe.

In the field of energy and water, I would highlight the:

- Construction and operation of the Baynes hydroelectric plant;
- Construction and operation of the Soyo II combined cycle power plant;
- Construction and operation of Chicapa II hydroelectric plant.

In the field of public works, I would highlight the:

- Construction of a motorway on the North-South Corridor;
- Installation and operation of a toll system in the border areas of Luau, Luvo, Massabi, Noqui and Santa Clara.

In the field of transport, I would highlight the:

- Construction of CFL rail link to DRC border;
- Construction of CFM, Namibia and Victoria Falls rail link;
- Construction and Operation of Caála, Lombe, Luvo and Soyo logistics platform;
- Construction and operation of a rail link between Angola and Zambia.

## VI. TRADE AND REGIONAL INTEGRATION

**Ms. Laura Lane, Director for Corporate Affairs, in the Communications and Sustainability Office of UPS: How is Angola working to facilitate regional integration, to support the creation of the African**



## **Continental Free Trade Area, and generally to facilitate the movement of goods within its borders?**

After signing and ratifying the SADC Trade Protocol in 2000 and taking into account the increasingly complex levels of interconnectivity of the economies, especially those that are geographically closest to it, Angola in 2019 presented its first proposed tariff offer for trade of goods to SADC-FTA members. We expect this negotiating process will be completed in the coming months.

Our entry into the African Continental Free Trade Area affirms the country's commitment to the fulfilment of 'Agenda 2063: The Africa We Want' and notably with the process of industrialising the continent from the diversification of national productive sectors.

With regard to trade in services, taking into account the complexity of the decision factors especially linked to the number of sectors and subsectors to be included in a list of specific commitments and respective levels of market access, Angola is awaiting a technical assistance programme to strengthen the capacities of the various players in order to ensure a linear understanding of the matter and its impact on our economy.

The various reforms being carried out in the industry and trade sector, the updates to the national customs tariff and particularly the establishment of the National Trade Facilitation Committee, with the notable insertion of the private sector in the decisions linked to these reforms, as well as our active engagement in the negotiations, reflect our level of commitment to the various regional integration processes underway.

We also highlight the coordinated border management process, with the creation of single-stop border posts, aimed at speeding up the trade flows of import, export and transit of goods at the regional level.

The levels of openness of our economy suggest the possibility for foreign companies established in the region to set up a presence in Angola as well, taking into account our geographical situation, which naturally places us in a favourable position for the development of Regional Value Chains (RVC), being a natural logistics platform in the region.

This insertion of Angola into RVCs should be seen from both the perspective of trade, i.e. goods, with the production of components for various industries, mainly linked to agribusiness (in the first phase), and services (transport, energy), taking into account the economic potential of the existing development corridors in Angola, especially the Lobito Corridor, without detracting from the Cunene, Malange and Namibe Corridors.

It should be noted that Angola has signed the Trade and Investment Framework Agreement (TIFA) with the United States of America, which includes various measures to improve market access and the removal of barriers to trade and investment; coordination and advice on the implementation of AGOA (African Growth and Opportunity Act); improve regulations and technical standards; strengthen agricultural and agribusiness trade relations; promote and protect intellectual property rights; coordination and consultation on positions in multilateral trade negotiations, notably in the WTO; improve technical, administrative and legal procedures to facilitate Angola's business climate, among other measures.

The implementation of these measures within the framework of this Agreement will certainly allow American companies operating in Angola to participate more not only in our country's economic

development, but also to better integrate in regional and intercontinental trade.

[End]